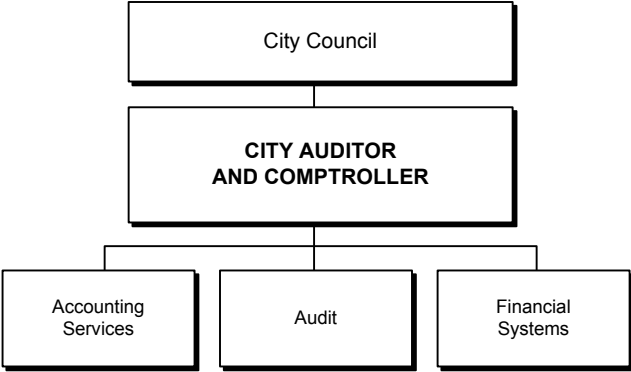


CITY AUDITOR AND COMPTROLLER





City Auditor and Comptroller



Mission Statement

To provide cost effective accounting, auditing, and fiscal management services to the Mayor, City Council, and City management; to work in partnership with the Mayor, City Council, and City management to help create positive change and assist in the performance of their mission; to protect the interests of the general public; and to rebuild the reputation of San Diego as a fiscally well-managed City.

Department Description

The City Auditor and Comptroller is the Chief Fiscal Officer of the City. This Office performs three program functions for the City: accounting, auditing and designing and maintaining financial systems. The leadership group provides the planning and direction for this office; functions as a fiscal advisor to the Mayor, Councilmembers, City Manager and Management; and provides leadership on the City Finance Team.

Division/Major Program Description

Accounting Services

This program provides accounting services and support to the Mayor, City Council, City departments, commissions and related City agencies; maintains accounting records for City assets and fiscal activities; reviews transactions for fiscal compliance with related legal and policy requirements; monitors and projects expenses and revenues; prepares statements and reports of City financial activities as needed, or required by various governmental agencies, in accordance with generally accepted accounting standards; and coordinates City payment processing (employee and retiree payrolls, and commercial warrants) in compliance with appropriate laws, rules and regulations.

Audit

The Audit Division performs operational audits, special investigations, performance measures audits, and Citywide audits; determines compliance with City

City Auditor and Comptroller

Division/Major Program Description

Audit (continued)

directives and internal controls; ensures the proper accountability of revenues and expenditures of City departments, grant-funded programs and various agreements; ensures revenues due to the City by hotels, lessees, businesses, franchisees, and other organizations are accurate and received in a timely manner; and assists with Council-directed budget reviews.

Financial Systems

This program designs, maintains, and coordinates inter-departmental activities using the computerized financial systems necessary to ensure the fiscal integrity of the City's financial records. In addition, this program provides assistance in advising, designing, programming and implementing the fiscal component of systems for managerial departments as requested by the City Manager's Office. This program also coordinates modifications to interfaces between Auditor systems and those of other departments.

Service Efforts and Accomplishments

The Office of the City Auditor and Comptroller provided basic accounting and auditing services to the many departments, programs and agencies of the City. The Office worked closely with the City Manager to maintain a balanced budget by projecting year-end status, implementing solutions and controlling actual expenses to meet projections. Also, the Office began an internal controls training program that includes training senior City managers and departmental internal control liaisons to increase awareness of the responsibility for and importance of strong internal controls.

The Office has spent significant staff resources identifying, copying, and providing documents to, and preparing for and interviewing with, Vinson & Elkins, the Securities and Exchange Commission, the U.S. Attorney's Office, and the City Attorney's Office, all of whom are conducting investigations of the City's financial reporting and disclosure practices. In addition, the Office continues to work with the outside auditors on the Fiscal Year 2003 and Fiscal Year 2004 audits.

For the past five years, the Office of the Auditor and Comptroller has averaged \$2.8 million in audit recoveries. These recoveries result in additional revenues being generated for various funds within the City.

Future Outlook

The budgetary challenges facing the City, the continuing investigations of its financial reporting and disclosure practices, and simultaneous audits of past fiscal year financial statements will continue to have a major impact on this Office. Also, the disclosure practices adopted by the City Council in October 2004 will result in a significant increase in work to be performed by this Office. In the coming fiscal year, the top priority of the Auditor and Comptroller's Office will be to review and re-engineer the Comprehensive Annual Financial Report (CAFR) preparation process to ensure the timely and accurate preparation of the City's annual financial statements. Concurrent with this review, this Office will perform a survey of the reporting capability of the City's current financial system for the purpose of implementing basic system enhancements. The Office of the City Auditor and Comptroller will strive to meet the City's accounting and auditing needs, as well as striving for continuous process improvements in the coming fiscal year within its allocated resources.

City Auditor and Comptroller

City Auditor and Comptroller				
	FY 2004 BUDGET	FY 2005 BUDGET	FY 2006 FINAL	FY 2005-2006 CHANGE
Positions	97.87	98.82	98.82	0.00
Personnel Expense	\$ 7,922,199	\$ 8,733,923	\$ 9,699,045	\$ 965,122
Non-Personnel Expense	\$ 598,558	\$ 520,559	\$ 574,457	\$ 53,898
TOTAL	\$ 8,520,757	\$ 9,254,482	\$ 10,273,502	\$ 1,019,020

Department Staffing

	FY 2004 BUDGET	FY 2005 BUDGET	FY 2006 FINAL
GENERAL FUND			
City Auditor and Comptroller			
Financial Systems Division	3.70	3.70	3.70
Accounting Services	71.95	72.90	76.90
Audit	22.22	22.22	18.22
Total	97.87	98.82	98.82

Department Expenditures

	FY 2004 BUDGET	FY 2005 BUDGET	FY 2006 FINAL
GENERAL FUND			
City Auditor and Comptroller			
Financial Systems Division	417,811	447,069	500,895
Accounting Services	6,013,804	6,553,089	7,724,015
Audit	2,089,142	2,254,324	2,048,592
Total	8,520,757	9,254,482	10,273,502

Significant Budget Adjustments

GENERAL FUND

City Auditor and Comptroller	Positions	Cost
Salary and Benefit Adjustments	0.00	\$ 965,558

Adjustments to reflect the annualization of the Fiscal Year 2005 negotiated salary compensation schedule, changes to average salaries, retirement contributions, and retiree health contributions. Position adjustments, if applicable, reflect the City Manager's restructuring of Executive Team assignments.

City Auditor and Comptroller

Significant Budget Adjustments

GENERAL FUND

City Auditor and Comptroller	Positions	Cost
Support for the Disclosure Practices Working Group	4.00 \$	500,000
Addition of 4.00 positions (1.00 Principal Accountant, 1.00 Accountant IV, 1.00 Accountant III, and 1.00 Accountant II) and non-personal expenses to support the Disclosure Practices Working Group. Enhancements to the City Attorney, City Auditor and Comptroller, City Manager's Office, City Treasurer, and Financial Management Department non-personnel budgets are consistent with the procedures and changes to the Municipal Code contained in the City of San Diego's Disclosures Ordinance, approved on September 28, 2004.		
Non-Discretionary	0.00 \$	9,037
Adjustments to reflect expenses that are determined outside of the Department's direct control. Examples of these adjustments include utilities, insurance, and rent.		
Support for Information Technology	0.00 \$	8,074
Funding is allocated according to a zero based annual review of information technology funding requirements and priority analyses.		
Reduction in Support for Accounting and Auditing Services	(4.00) \$	(463,649)
Reduction of 4.00 positions (1.00 Principal Accountant, 1.00 Accountant IV, 1.00 Accountant III, and 1.00 Accountant II) and non-personal expenses. This will result in delays of auditing services including, but not limited to, revenue-recovery audits of Transient Occupancy Taxpayers and percentage-rent lessees, audits of outside organizations receiving financial support from the City, and performance and investigative audits.		

Expenditures by Category

	FY 2004 BUDGET	FY 2005 BUDGET	FY 2006 FINAL
PERSONNEL			
Salaries & Wages	\$ 5,912,163	\$ 6,258,076	\$ 6,622,309
Fringe Benefits	\$ 2,010,036	\$ 2,475,847	\$ 3,076,736
SUBTOTAL PERSONNEL	\$ 7,922,199	\$ 8,733,923	\$ 9,699,045
NON-PERSONNEL			
Supplies & Services	\$ 244,645	\$ 244,923	\$ 298,976
Information Technology	\$ 190,718	\$ 137,959	\$ 152,647
Energy/Utilities	\$ 148,800	\$ 123,282	\$ 108,439
Equipment Outlay	\$ 14,395	\$ 14,395	\$ 14,395
SUBTOTAL NON-PERSONNEL	\$ 598,558	\$ 520,559	\$ 574,457
TOTAL	\$ 8,520,757	\$ 9,254,482	\$ 10,273,502

City Auditor and Comptroller

Revenues by Category

	FY 2004 BUDGET	FY 2005 BUDGET	FY 2006 FINAL
GENERAL FUND			
Revenue from Money & Property	\$ -	\$ 125,000	\$ -
Charges for Current Services	\$ 14,000	\$ 14,000	\$ 14,000
Transfers from Other Funds	\$ 2,022,049	\$ 2,129,051	\$ 2,319,769
TOTAL	\$ 2,036,049	\$ 2,268,051	\$ 2,333,769

Key Performance Measures

	FY 2004 BUDGET	FY 2005 BUDGET	FY 2006 FINAL
Financial reporting - average cost/dollar reported	\$0.000200	\$0.000236	\$0.000239
Accounts payable - average cost/dollar processed	\$0.000673	\$0.000815	\$0.000746
Payroll - average cost/dollar processed	\$0.001175	\$0.001180	\$0.001195
Certification of funds availability - average cost/dollar certified	\$0.000374	\$0.000521	\$0.000561
Audit - percent of costs recovered	100.00%	100.00%	100.00%

Salary Schedule

GENERAL FUND

City Auditor and Comptroller

<i>Class</i>	<i>Position Title</i>	<i>FY 2005 Positions</i>	<i>FY 2006 Positions</i>	<i>Salary</i>	<i>Total</i>
1100	Accountant III	10.25	17.25	\$ 68,410	\$ 1,180,068
1103	Account Audit Clerk	12.00	12.00	\$ 38,146	\$ 457,754
1133	Sr Account Audit Clerk	5.00	5.00	\$ 43,307	\$ 216,537
1183	Accountant IV	8.50	8.50	\$ 83,996	\$ 713,965
1535	Clerical Assistant II	1.00	1.00	\$ 33,826	\$ 33,826
1617	Micrographics Clerk	1.00	1.00	\$ 34,514	\$ 34,514
1647	Payroll Audit Specialist I	2.00	2.00	\$ 43,607	\$ 87,214
1648	Payroll Specialist II	1.00	1.00	\$ 39,929	\$ 39,929
1649	Payroll Audit Specialist II	4.00	4.00	\$ 46,018	\$ 184,073
1746	Word Processing Operator	1.00	1.00	\$ 36,285	\$ 36,285
1842	Accountant II	38.07	31.07	\$ 60,489	\$ 1,879,395
1876	Executive Secretary	1.00	1.00	\$ 50,408	\$ 50,408
1886	Payroll Audit Supv-Auditor	1.00	1.00	\$ 54,386	\$ 54,386
2107	Asst City Auditor & Compt	1.00	1.00	\$ 139,528	\$ 139,528
2137	City Auditor & Comptroller	1.00	1.00	\$ 186,033	\$ 186,033
2217	Financial Operations Manager	4.00	4.00	\$ 134,160	\$ 536,640
2228	Principal Accountant	7.00	7.00	\$ 104,154	\$ 729,080

City Auditor and Comptroller

Salary Schedule

GENERAL FUND

City Auditor and Comptroller

<i>Class</i>	<i>Position Title</i>	<i>FY 2005 Positions</i>	<i>FY 2006 Positions</i>	<i>Salary</i>	<i>Total</i>
	Temporary Help	0.00	0.00	\$ -	\$ 62,674
	Total	98.82	98.82		\$ 6,622,309
CITY AUDITOR AND COMPTROLLER TOTAL		98.82	98.82	\$	6,622,309